

MEMORANDUM

TO: Hingham Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 4, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

Although we are approving this schedule, we would have preferred a schedule be adopted that amortizes the unfunded actuarial liability by FY35. For the past year, we have been recommending that systems determine schedules so as to be fully funded by FY35. This provides more flexibility in the event of a market downturn. We believe such a schedule could be developed by modestly increasing the percentage of annual appropriation increases from FY16 to FY29. However, we do recognize that the System adopted a more conservative investment return assumption and that is part of the reason the schedule was extended.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

Exhibit 3.2 - 30-Year Forecast of Annual Appropriations

Fiscal Year Ending	Total Normal Cost	Employee Contributions	Employer Normal Cost	Amortization Payment of UAL	Net 3(8)(c) Transfers	Total Employer Cost	Increase over Prior Year	UAL as of January 1
2015	\$4,144,036	\$2,463,025	\$1,681,011	\$2,501,448	\$0	\$4,182,459		\$41,582,030
2016	4,330,517	2,619,879	1,710,638	2,612,523	-	4,323,161	3.36%	42,208,067
2017	4,525,390	2,785,863	1,739,527	2,728,584	-	4,468,111	3.35%	42,767,323
2018	4,729,034	2,961,481	1,767,553	2,849,856	-	4,617,409	3.34%	43,249,447
2019	4,941,839	3,147,261	1,794,578	2,976,577	-	4,771,155	3.33%	43,643,051
2020	5,164,223	3,343,765	1,820,458	3,128,990	-	4,949,448	3.74%	43,935,621
2021	5,396,613	3,551,582	1,845,031	3,378,754	-	5,223,785	5.54%	44,092,655
2022	5,639,459	3,771,332	1,868,127	3,513,905	-	5,382,032	3.03%	44,002,598
2023	5,893,236	4,003,666	1,889,570	3,654,461	-	5,544,031	3.01%	43,765,271
2024	6,158,431	4,249,273	1,909,158	3,800,639	-	5,709,797	2.99%	43,363,650
2025	6,435,561	4,508,878	1,926,683	3,952,665	-	5,879,348	2.97%	42,779,167
2026	6,725,161	4,783,243	1,941,918	4,110,772	-	6,052,690	2.95%	41,991,580
2027	7,027,793	5,073,169	1,954,624	4,275,202	-	6,229,826	2.93%	40,978,836
2028	7,344,044	5,379,503	1,964,541	4,446,210	-	6,410,751	2.90%	39,716,920
2029	7,674,526	5,703,134	1,971,392	4,624,058	-	6,595,450	2.88%	38,179,695
2030	8,019,879	5,959,775	2,060,104	4,809,020	-	6,869,124	4.15%	36,338,724
2031	8,380,774	6,227,965	2,152,809	5,001,381	-	7,154,190	4.15%	34,163,082
2032	8,757,909	6,508,224	2,249,685	5,201,437	-	7,451,122	4.15%	31,619,152
2033	9,152,015	6,801,094	2,350,921	5,409,494	-	7,760,415	4.15%	28,670,404
2034	9,563,855	7,107,142	2,456,713	5,625,874	-	8,082,587	4.15%	25,277,160
2035	9,994,229	7,426,964	2,567,265	5,850,909	-	8,418,174	4.15%	21,396,331
2036	10,443,969	7,761,177	2,682,792	6,084,945	-	8,767,737	4.15%	16,981,146
2037	10,913,947	8,110,431	2,803,516	6,328,343	-	9,131,859	4.15%	11,980,847
2038	11,405,075	8,475,400	2,929,675	6,581,477	-	9,511,152	4.15%	6,340,372
2039	11,918,304	8,856,793	3,061,511	-	-	3,061,511	-67.81%	-
2040	12,454,628	9,255,348	3,199,280	-	-	3,199,280	4.50%	-
2041	13,015,085	9,671,839	3,343,246	-	-	3,343,246	4.50%	-
2042	13,600,764	10,107,072	3,493,692	-	-	3,493,692	4.50%	-
2043	14,212,798	10,561,890	3,650,908	-	-	3,650,908	4.50%	-
2044	14,852,374	11,037,176	3,815,198	-	-	3,815,198	4.50%	-

Hingham Contributory Retirement System
Actuarial Valuation as of January 1, 2014